



General Assembly

***Substitute Bill No. 791***

*January Session, 2001*

***AN ACT CONCERNING COMMUNITY REINVESTMENT BY  
COMMUNITY CREDIT UNIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 36a-3 of the general statutes is repealed and the  
2       following is substituted in lieu thereof:

3       Other definitions applying to this title or to specified parts thereof  
4       and the sections in which they appear are:

5       "Account". Sections 36a-155 and 36a-365.

6       "Advance fee". Sections 36a-510, 36a-485 and 36a-615.

7       "Advertise" or "advertisement". Sections 36a-485 and 36a-510.

8       "Agency bank". Section 36a-285.

9       "Alternative mortgage loan". Section 36a-265.

10       "Amount financed". Section 36a-690.

11       "Annual percentage rate". Section 36a-690.

12       "Annual percentage yield". Section 36a-316.

13       "Applicant". Section 36a-736.

- 14     "Assessment area". Section 2 of this act.
- 15     "Associate". Section 36a-184.
- 16     "Bank". Section 36a-30.
- 17     "Bankers' bank". Section 36a-70.
- 18     "Banking business". Section 36a-425.
- 19     "Billing cycle". Section 36a-565.
- 20     "Bona fide nonprofit organization". Section 36a-655.
- 21     "Branch". Sections 36a-145 and 36a-410.
- 22     "Branch or agency net payment entitlement". Section 36a-428n.
- 23     "Branch or agency net payment obligation". Section 36a-428n.
- 24     "Broker". Section 36a-510.
- 25     "Business and industrial development corporation". Section 36a-626.
- 26     "Business and property in this state". Section 36a-428n.
- 27     "Cash advance". Section 36a-564.
- 28     "Cash price". Section 36a-770.
- 29     "Certificate of organization". Section 36a-435.
- 30     "Closely related activities". Section 36a-250.
- 31     "Collective managing agency account". Section 36a-365.
- 32     "Commercial vehicle". Section 36a-770.
- 33     "Community bank". Section 36a-70.
- 34     "Community credit union". Section 2 of this act.

- 35 "Community development bank". Section 36a-70.
- 36 "Community reinvestment performance". Section 2 of this act.
- 37 "Connecticut holding company". Section 36a-410.
- 38 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- 39 "Consumer Credit Protection Act". Section 36a-676.
- 40 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- 41 "Consumer collection agency". Section 36a-800.
- 42 "Controlling interest". Section 36a-276.
- 43 "Credit". Sections 36a-645 and 36a-676.
- 44 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- 45 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- 46 "Credit clinic". Section 36a-695.
- 47 "Credit rating agency". Section 36a-695.
- 48 "Credit report". Section 36a-695.
- 49 "Credit sale". Section 36a-676.
- 50 "De novo branch". Section 36a-410.
- 51 "Debt". Section 36a-645.
- 52 "Debt adjustment". Section 36a-655.
- 53 "Debt mutual fund". Section 36a-275.
- 54 "Debt securities". Section 36a-275.
- 55 "Deliver". Section 36a-316.

- 56 "Deposit". Section 36a-316.
- 57 "Deposit account". Section 36a-316.
- 58 "Deposit account charge". Section 36a-316.
- 59 "Deposit account disclosures". Section 36a-316.
- 60 "Deposit contract". Section 36a-316.
- 61 "Deposit services". Section 36a-425.
- 62 "Depositor". Section 36a-316.
- 63 "Earning period". Section 36a-316.
- 64 "Electronic payment instrument". Section 36a-596.
- 65 "Eligible account holder". Section 36a-136.
- 66 "Eligible collateral". Section 36a-330.
- 67 "Equity mutual fund". Section 36a-276.
- 68 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- 69 "Fiduciary". Section 36a-365.
- 70 "Filing fee". Section 36a-770.
- 71 "Finance charge". Sections 36a-690 and 36a-770.
- 72 "Financial institution". Sections 36a-41, 36a-155, 36a-316, 36a-330 and  
73 36a-736.
- 74 "Financial records". Section 36a-41.
- 75 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- 76 "Fiscal year". Section 36a-435.
- 77 "Foreign banking corporation". Section 36a-425.

- 78 "General facility". Section 36a-580.
- 79 "Global net payment entitlement". Section 36a-428n.
- 80 "Global net payment obligation". Section 36a-428n.
- 81 "Goods". Sections 36a-535 and 36a-770.
- 82 "Graduated payment mortgage loan". Section 36a-265.
- 83 "Guardian". Section 36a-365.
- 84 "Holder". Section 36a-596.
- 85 "Home banking services". Section 36a-170.
- 86 "Home banking terminal". Section 36a-170.
- 87 "Home improvement loan". Section 36a-736.
- 88 "Home purchase loan". Section 36a-736.
- 89 "Home state". Section 36a-410.
- 90 "Immediate family". Section 36a-435.
- 91 "Installment loan contract". Sections 36a-535 and 36a-770.
- 92 "Instrument". Section 36a-596.
- 93 "Insurance bank". Section 36a-285.
- 94 "Insurance department". Section 36a-285.
- 95 "Interest". Section 36a-316.
- 96 "Interest rate". Section 36a-316.
- 97 "Lender". Sections 36a-510 and 36a-770.
- 98 "Lessor". Section 36a-676.

- 99 "License". Section 36a-626.
- 100 "Licensee". Sections 36a-510, 36a-596 and 36a-626.
- 101 "Limited branch". Section 36a-145.
- 102 "Limited facility". Section 36a-580.
- 103 "Loan broker". Section 36a-615.
- 104 "Loss". Section 36a-330.
- 105 "Made in this state". Section 36a-770.
- 106 "Managing agent". Section 36a-365.
- 107 "Member". Section 36a-435.
- 108 "Membership share". Section 36a-435.
- 109 "Money order". Section 36a-596.
- 110 "Mortgage broker". Section 36a-485.
- 111 "Mortgage insurance". Section 36a-725.
- 112 "Mortgage lender". Sections 36a-485 and 36a-705.
- 113 "Mortgage loan". Sections 36a-261 and 36a-265.
- 114 "Mortgage rate lock-in". Section 36a-705.
- 115 "Mortgage servicing company". Section 36a-715.
- 116 "Mortgagor". Section 36a-715.
- 117 "Motor vehicle". Section 36a-770.
- 118 "Multiple common bond membership". Section 36a-435.
- 119 "Municipality". Section 36a-800.

- 120 "Net worth". Section 36a-596.
- 121 "Network". Section 36a-155.
- 122 "Note account". Sections 36a-301 and 36a-445.
- 123 "Office". Section 36a-316.
- 124 "Open-end credit plan". Section 36a-676.
- 125 "Open-end loan". Section 36a-565.
- 126 "Organization". Section 36a-800.
- 127 "Out-of-state holding company". Section 36a-410.
- 128 "Outstanding". Section 36a-596.
- 129 "Passbook savings account". Section 36a-316.
- 130 "Periodic statement". Section 36a-316.
- 131 "Permissible investment". Section 36a-596.
- 132 "Person". Section 36a-184.
- 133 "Post". Section 36a-316.
- 134 "Prime quality". Section 36a-596.
- 135 "Principal amount of the loan". Section 36a-510.
- 136 "Principal officer". Section 36a-485.
- 137 "Processor". Section 36a-155.
- 138 "Public deposit". Section 36a-330.
- 139 "Purchaser". Section 36a-596.
- 140 "Qualified financial contract". Section 36a-428n.

- 141 "Qualified public depository" and "depository". Section 36a-330.
- 142 "Records". Section 36a-17.
- 143 "Relocate". Section 36a-145.
- 144 "Residential property". Section 36a-485.
- 145 "Retail buyer". Sections 36a-535 and 36a-770.
- 146 "Retail credit transaction". Section 42-100b.
- 147 "Retail deposits". Section 36a-70.
- 148 "Retail installment contract". Sections 36a-535 and 36a-770.
- 149 "Retail installment sale". Sections 36a-535 and 36a-770.
- 150 "Retail seller". Sections 36a-535 and 36a-770.
- 151 "Reverse annuity mortgage loan". Section 36a-265.
- 152 "Sales finance company". Sections 36a-535 and 36a-770.
- 153 "Savings department". Section 36a-285.
- 154 "Savings deposit". Section 36a-316.
- 155 "Secondary mortgage loan". Section 36a-510.
- 156 "Security convertible into a voting security". Section 36a-184.
- 157 "Share". Section 36a-435.
- 158 "Simulated check". Sections 36a-485 and 36a-510.
- 159 "Single common bond membership". Section 36a-435.
- 160 "Social purpose investment". Section 36a-277.
- 161 "Standard mortgage loan". Section 36a-265.



162 "Tax and loan account". Sections 36a-301 and 36a-445.

163 "The Savings Bank Life Insurance Company". Section 36a-285.

164 "Time account". Section 36a-316.

165 "Transaction". Section 36a-215.

166 "Travelers check". Section 36a-596.

167 "Troubled financial institution". Section 36a-215.

168 "Uninsured bank". Section 36a-70.

169 "Unsecured loan". Section 36a-615.

170 Sec. 2. (NEW) As used in sections 2 to 7, inclusive, of this act:

171 (1) "Assessment area" means one or more of the geographic areas as  
172 delineated by a community credit union that (A) consist of one or more  
173 metropolitan statistical areas or one or more contiguous political  
174 subdivisions, including, but not limited to, counties, cities or towns, (B)  
175 include geographies in which the community credit union has its  
176 principal office, subsidiary offices and share-taking automated teller  
177 machines, and (C) include the surrounding geographies in which the  
178 community credit union originates or purchases a substantial portion  
179 of its loans.

180 (2) "Community credit union" means a Connecticut credit union that  
181 has ten million dollars or more in total assets and the membership of  
182 which is limited to persons within a well-defined local community,  
183 neighborhood or rural district as provided in subsection (a) of section  
184 36a-438 of the general statutes.

185 (3) "Community reinvestment performance" means the performance  
186 of a community credit union in helping to meet the credit needs of its  
187 entire community including low-income and moderate-income  
188 neighborhoods.

189       Sec. 3. (NEW) (a) Each community credit union shall satisfy its  
190 continuing and affirmative obligation to help meet the credit needs of  
191 its local community, including low-income and moderate-income  
192 neighborhoods, consistent with the safe and sound operation of such  
193 community credit union.

194       (b) Not later than six months following the effective date of this act,  
195 each community credit union shall delineate one or more assessment  
196 areas within which the Commissioner of Banking shall evaluate the  
197 community credit union's community reinvestment performance in  
198 this state and shall file such delineations with the commissioner. An  
199 assessment area shall consist only of whole geographies, and may not  
200 (1) reflect illegal discrimination, (2) arbitrarily exclude low-income or  
201 moderate-income geographies, or (3) extend substantially beyond a  
202 consolidated metropolitan statistical area boundary or beyond a state  
203 boundary, unless the assessment area is located in a multistate  
204 metropolitan statistical area. A community credit union may adjust the  
205 boundaries of its assessment areas to include only the portion of a  
206 political subdivision that it reasonably can be expected to serve. A  
207 community credit union shall immediately file an amendment with the  
208 Commissioner of Banking reflecting an adjustment of the boundaries  
209 of an assessment area.

210       (c) The Commissioner of Banking shall assess periodically the  
211 community reinvestment performance of a community credit union  
212 consistent with the safe and sound operation of the community credit  
213 union. The commissioner shall assess the community reinvestment  
214 performance of such community credit union based on: (1) The  
215 community credit union's record of helping to meet the credit needs of  
216 its assessment area or areas through qualified investments that benefit  
217 its assessment area or areas or a broader state-wide or regional area  
218 that includes its assessment area or areas; (2) the community credit  
219 union's record of helping to meet the credit needs of its assessment  
220 area or areas, by analyzing both the availability and effectiveness of its  
221 systems for delivering retail credit union services and the extent and  
222 innovativeness of its community development services; (3) loan-to-

223 share ratio given the community credit union's size and financial  
224 condition, credit needs of the assessment area or areas, other lending-  
225 related activities, considering seasonal variations, as used in 12 CFR  
226 228.26; (4) percentage of total loans and other lending-related activities  
227 within the assessment area or areas; (5) record of lending and other  
228 lending-related activities to borrowers of different income levels, and  
229 businesses and farms of different sizes; (6) geographic distribution of  
230 loans; (7) action taken in response to written complaints with respect to  
231 community reinvestment performance; (8) efforts of the community  
232 credit union to work with delinquent residential mortgage customers  
233 who are unemployed or underemployed to facilitate a resolution of the  
234 delinquency; and (9) written comments received by the commissioner.

235 (d) (1) Upon the completion of the assessment required under  
236 subsection (c) of this section, the commissioner shall prepare a written  
237 evaluation of the community credit union's community reinvestment  
238 performance.

239 (2) The performance evaluation shall (A) state the commissioner's  
240 assessment of the community reinvestment performance of the  
241 community credit union, (B) set forth and discuss the facts supporting  
242 such assessment, and (C) contain the community credit union's rating  
243 and a statement describing the basis for the rating. The rating shall be  
244 one of the following: (i) Outstanding record of meeting community  
245 credit needs; (ii) satisfactory record of meeting community credit  
246 needs; (iii) needs to improve record of meeting community credit  
247 needs; or (iv) substantial noncompliance in meeting community credit  
248 needs. The commissioner shall furnish a copy of the performance  
249 evaluation to the community credit union upon its completion.

250 Sec. 4. (NEW) (a) Each community credit union shall provide to the  
251 public upon request copies of the most recent community reinvestment  
252 performance evaluation prepared by the Commissioner of Banking  
253 pursuant to section 3 of this act. A community credit union may charge  
254 a reasonable fee not to exceed the cost of copying and mailing, if  
255 applicable.

256 (b) Each community credit union shall maintain a public file in  
257 which it shall place, not later than thirty business days after its receipt  
258 from the commissioner, a copy of the community credit union's most  
259 recent community reinvestment performance evaluation prepared by  
260 the commissioner pursuant to section 3 of this act. The community  
261 credit union may also include in the public file any response to such  
262 performance evaluation that such community credit union makes. The  
263 community credit union shall make a copy of such performance  
264 evaluation available to the public for inspection upon request and at  
265 no cost at the community credit union's principal office and at each of  
266 its subsidiary offices in this state. Any community credit union that  
267 receives a rating of needs to improve record of meeting community  
268 credit needs or of substantial noncompliance in meeting community  
269 credit needs on its most recent evaluation shall include in its public file  
270 a description of its current efforts to improve its performance in  
271 helping to meet the credit needs of its entire community. The  
272 community credit union shall update the description quarterly until  
273 such time as it receives a satisfactory record of meeting community  
274 needs or better rating from the commissioner.

275 Sec. 5. (NEW) Each community credit union shall provide in the  
276 public lobby of its principal office and each of its subsidiary offices in  
277 this state a public notice substantially similar to the following:

278 STATE OF CONNECTICUT

279 COMMUNITY REINVESTMENT NOTICE

280 The Commissioner of Banking evaluates our record of helping to  
281 meet the credit needs of this community consistent with safe and  
282 sound operations. The Commissioner of Banking may also consider  
283 this record when deciding on certain applications submitted by us.

284 Your involvement is encouraged.

285 You may review today our most recent community reinvestment  
286 performance evaluation prepared by the Commissioner of Banking.

287 You may send written comments about our community  
288 reinvestment performance to the Commissioner of Banking (address).  
289 Your comments, together with any response by us, will be considered  
290 by the Commissioner of Banking in evaluating our community  
291 reinvestment performance and may be made public.

292 You may ask to look at any comments received by the  
293 Commissioner of Banking.

294 Sec. 6. (NEW) The Commissioner of Banking may consider the  
295 community reinvestment performance of a community credit union in  
296 connection with (1) an approval of an amendment to the certificate of  
297 organization pursuant to subsection (g) of section 36a-437 of the  
298 general statutes, as amended by this act, in connection with the  
299 establishment or change of location of an office or change in the field of  
300 membership; (2) an approval of an expansion of its field of  
301 membership pursuant to subsection (d) of section 36a-438 of the  
302 general statutes, as amended by this act; and (3) an approval of a  
303 merger pursuant to section 36a-470 of the general statutes, as amended  
304 by this act. The commissioner may withhold approval of or condition  
305 an issuance of approval of such amendment, expansion or merger  
306 pursuant to this section.

307 Sec. 7. (NEW) The Commissioner of Banking shall annually prepare  
308 and submit to the State Treasurer a list of community credit unions  
309 that the commissioner rated in a community reinvestment  
310 performance evaluation prepared pursuant to section 3 of this act as:  
311 (1) Needs to improve record of meeting community credit needs; or (2)  
312 substantial noncompliance in meeting community credit needs. No  
313 community credit union included in such list may receive funds under  
314 the provisions of section 4-33 or 7-402 of the general statutes.

315 Sec. 8. Subsection (g) of section 36a-437 of the general statutes is  
316 repealed and the following is substituted in lieu thereof:

317 (g) (1) (A) The certificate of organization of a Connecticut credit  
318 union may, with the approval of the commissioner, be amended at any

319 time by the adoption of an amendment resolution by two-thirds of the  
320 members of the governing board at any meeting. Written notice of  
321 such meeting, together with the text of the proposed amendment shall  
322 be given to each director at least seven days prior to the meeting. [(2)]  
323 (B) A certificate of amendment shall be filed in triplicate with the  
324 commissioner. The certificate of amendment shall set forth: [(A)] (i)  
325 The name of the Connecticut credit union; [(B)] (ii) the amendment;  
326 and [(C)] (iii) a statement of the number of directors' votes required to  
327 take such action and the number of votes cast in favor of the  
328 amendment. [(3)] (C) The commissioner, upon determining that the  
329 certificate of organization, as amended, meets the requirements of  
330 sections 36a-435 to 36a-475, inclusive, shall endorse the commissioner's  
331 approval thereon, retain one copy, file one copy with the Secretary of  
332 the State and return one copy, certified by the Secretary of the State, to  
333 the Connecticut credit union.

334 (2) The commissioner may withhold approval of an amendment  
335 sought by a community credit union, as defined in section 2 of this act,  
336 in connection with the establishment or change of location of an office  
337 or change in the field of membership under this subsection or  
338 condition such approval pursuant to the provisions of section 6 of this  
339 act.

340 Sec. 9. Subsection (d) of section 36a-438 of the general statutes is  
341 repealed and the following is substituted in lieu thereof:

342 (d) (1) The commissioner may not approve an amendment to the  
343 certificate of organization of a Connecticut credit union to expand its  
344 field of membership unless the commissioner determines in writing  
345 that [(1)] (A) the Connecticut credit union has not engaged in any  
346 material unsafe or unsound practice during the one-year period  
347 preceding the date on which the certificate of amendment is filed with  
348 the commissioner, [(2)] (B) the Connecticut credit union is adequately  
349 capitalized, [(3)] (C) the Connecticut credit union has the  
350 administrative capability to serve the proposed membership group  
351 and the financial resources to meet the need for additional staff and

352 assets to serve the new membership group, [(4)] (D) any potential  
353 harm that the expansion of the field of membership of the Connecticut  
354 credit union may have on any other Connecticut credit union and its  
355 members is clearly outweighed in the public interest by the probable  
356 beneficial effect of the expansion in meeting the convenience and  
357 needs of the members of the group proposed to be included in the field  
358 of membership, and [(5)] (E) the Connecticut credit union has met such  
359 additional requirements as the commissioner may prescribe by  
360 regulation adopted in accordance with chapter 54.

361 (2) The commissioner may withhold or condition an approval of an  
362 amendment sought by a community credit union, as defined in section  
363 2 of this act, under this subsection pursuant to the provisions of section  
364 6 of this act.

365 Sec. 10. Section 36a-470 of the general statutes is amended by adding  
366 subsection (f) as follows:

367 (NEW) (f) When considering a merger pursuant to this section  
368 involving a community credit union, as defined in section 2 of this act,  
369 the Commissioner of Banking may withhold or condition approval of  
370 such merger pursuant to the provisions of section 6 of this act.

371 Sec. 11. This act shall take effect July 1, 2001.

**BA** JOINT FAVORABLE SUBST.